

What future for the IMF, the World Bank and the WTO? Reform the UN?

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Can the IMF and the World Bank be reformed? There is every reason to doubt it. In my opinion, these institutions should be abolished and replaced by other global institutions. They should be abolished because their property-based constitutions, their allegiance to a very limited number of countries (of which only one, the United States, has the veto on any decision it may wish to block, even if all 183 other members wanted it to go forward) and the distribution of power within their ranks are incompatible with any truly democratic reform. Other multilateral institutions should be set up in their stead (with the same names or different ones does not matter) based on the democratic principle contained in the UN Charter (one State, one vote) and with the mission of ensuring monetary stability internationally, controlling capital movements, offering low-interest loans not tied to neo-liberal monetarist conditionalities, and returning what was stolen from them to the countries of the Periphery. Mankind should be endowed with international institutions where every people of the world can really find its place. Institutions where the national delegates could debate questions central to humanity in public (broadcast on television and radio). Institutions where the GDP or the military force of certain countries - or of one country - would have no weight in the decision-making process.

For years now, the possibility of reforming a whole series of international institutions, in particular the WTO, the IMF, the World Bank and the related regional development banks, has been a subject of open debate. Certain points are not even worth debating: do we need global public institutions in such crucial areas as trade, money and credit? The answer is affirmative; we will never be able to resolve international problems without permanent, internationally recognised institutions having democratic legitimacy.

The second point of debate could be the object of a consensus: do we only need institutions of global scope, or would it be a good idea to delegate certain tasks to regional bodies, to avoid too much centralisation, with institutions too far removed from the day-to-day reality of peoples around the world? It might be agreed that within the global organisations, regional structures should be given considerable autonomy.

As an example, during the Asian crisis of 1997-98, the US government and the directors of the IMF opposed the creation of an Asian monetary fund, which had it existed, would have permitted a concerted and far

more efficacious response to the speculative attacks than a global organisation could provide. It is perfectly conceivable that the IMF co-exist with regional monetary funds.

Another example: a Latin American and Caribbean monetary fund could give rise to a single currency for the nations of Latin America and the Caribbean. One would hardly expect a global organisation to encourage the creation of a regional currency. Of course, if it were possible to get to the point where the whole planet adopted a single currency, that would be real progress, but there are obviously several stages ahead before reaching that point. One is that the Periphery countries should band together to equip themselves with a common currency so that they can do without the dollar, the euro and the yen as much as possible, connect up among themselves and become less dependent on the fluctuations of those three hard currencies.

The most burning question of the debate is: can we concentrate on reforming the institutions (in particular the above-mentioned trio) or should we be taking action to replace them with new ones?

Whether the IMF, the World Bank and the WTO should be reformed or replaced is the object of ongoing debate within the different social movements and networks belonging to the movement for a different type of globalisation. There is general agreement both on the need for global institutions for exchange, credit and trade and on the rejection of the policies upheld by the IMF, the WB and the WTO. This was what Gus Massiah, president of the CRID (the French Centre for Research and Information on Development) and vice-president of ATTAC France, explained in his closing speech at the seminar on the future of the International Financial Institutions held at the National Assembly in Paris on 22nd and 23rd June 2001: *"High on today's agenda is the discussion between those who feel that the time has come to demand that [the IFI] should be dismantled or set aside while new institutions are put in their place, and those who think that their present crisis provides an opportunity to make them advance by imposing structural reforms. It is not a dogmatic or theological issue, but an analysis of the situation and inherent political opportunities. The debate is open, each movement must decide what steps to take regarding common objectives"* (Guy Massiah, June 2001).

Let us continue the debate, while at the same time reinforcing the unity between partisans of radical reform of the institutions and partisans of their replacement.

It would first be helpful to define the kind of institutions that might replace the present ones.

We should opt for proposals that radically redefine the basis of the international architecture (missions, modes of operation...). Let us reconsider the case of those specialised global institutions, the WTO, the

IMF and the World Bank.

Concerning the World Trade Organisation, we share the abolitionist point of view of Walden Bello and Nicola Bullard of the Focus on the Global South network (Bello, 2000a), and that of François Houtart and Samir Amin of the World Forum for Alternatives (Amin, 2000). Michel Husson summarises the arguments as follows: *"The treaty which instituted the WTO is a contract with advantages for only a few, in the imperial style. It cannot serve as a basis for a world economic order favouring development. This is why we are fighting to have the WTO dismantled, and its functions devolved upon other institutions. UNCTAD could provide the framework within which agreements could be made with the aim of true co-development. The function of such an institution would be to guarantee and organise the right of the countries of the South to take the protection measures necessary for their integration into the world market, whereas the entire logic of the WTO is founded on the negation of that right. It would also ensure the transfer of technology, unlike the WTO mainly preoccupied by the protection of property rights and the patenting of anything that can be patented. Finally, instead of giving the WTO the role of judge in questions of labour legislation, the powers and competence of the International Labour Organisation should be broadened, by giving it possibilities of recourse. It is within this context that the debate over "social clauses" should be held, and that the NGOs and trade unions should constitute a common front for universal advances in social rights"* (Michel Husson, 2001).

In the domain of trade, the new WTO or the organisation that replaces it should aim to guarantee the fulfilment of a series of international pacts and treaties, starting with the Universal Declaration of Human Rights and all the fundamental treaties on human rights (individual and collective) and the environment. Its main function will be to supervise and regulate trade so that it conforms strictly to social (the conventions of the International Labour Organisation - ILO) and environmental norms. This definition is in direct opposition to the WTO's present objectives, which are to impose free trade, to commercialise every aspect of human activity and all natural resources, to generalise new rules uniquely and systematically in the interests of the MNCs (and usually of their making).

Of course this necessitates a strict separation of powers. There is no question of allowing the WTO, or any other organisation for that matter, to have its own court. So the Dispute Settlement Body will have to go.

The World Bank, or whatever stands in for it, would regain its legitimacy if it was largely regionalised and had as its function to make loans at low or zero interest rates and donations, conditional upon express guarantees that they are used only in strict observance of social and environmental norms and, more generally, basic human rights.

Unlike today's World Bank, the new one, the one the world needs, would not seek to defend the interests of the creditors and force the borrowers into submission to the market-king. This new bank would have as its principal mission to defend the interests of the populations who

receive loans and donations.

As for the IMF in its new form, which in some respects would resemble its original mandate, it should guarantee the stability of currencies, fight speculation, control capital movements, take measures to prohibit tax havens and fiscal fraud. To attain this last objective, it could contribute, along with governments and regional monetary funds, to the pool of different taxes (de Tobin-type taxes, Spahn-type taxes, taxes on Direct Foreign Investment ...).

All these avenues require a new, coherent, global architecture, with its own hierarchy and division of powers. The cornerstone should be the United Nations, provided that its General Assembly become the true decision-making hub. This implies eradicating the status of permanent member of the Security Council, and the veto that goes with it. The General Assembly could delegate specific missions to *ad hoc* committees.

The UN could also be reformed, as Gilbert Achcar (2002) proposes, by giving it a double-chamber system along the lines of the US constitution or that of the USSR in 1923. There would be the Chamber of States, rather like the present General Assembly, and the Chamber of Populations, elected by direct suffrage with proportional representation of the populations (G. Achcar, 2002, p. 165).

As a permanent body, alongside the Security Council, which could only act on a General Assembly mandate, there could be an Economic and Social Council like the present ECOSOC but with real powers issuing from a clear General Assembly mandate. As a useful comparison, the Security Council and the Economic and Social Council should not be given sweeping and undemocratic powers comparable to those of the European Commission. The Security Council and the Economic and Social Council should be subordinate to the UN General Assembly.

Another thing: today, the UN usually plays the role of an international fire-brigade or ambulance. In some cases, it simply serves as an alibi or cover for military aggression waged by the world's most powerful countries, as was the case in the intervention of the USA and its allies in the first Gulf War in 1991 and in Somalia in 1992. Increasingly, it promotes the interests of the most powerful MNCs - as in the case of the *Global Compact* initiative taken by the Secretary General, Koffi Annan, in 2000.

The UN must turn its back on these practices, unworthy of its initial mandate, and become (once more) the champion of a new global economic and social order based on the Universal Declaration of Human Rights and other international pacts and treaties on human rights (individual and collective) and the environment.

We believe that it is necessary and possible to reform the UN for three fundamental reasons: its charter is globally progressive and democratic;

the principle underlying its composition is democratic (one State = one Vote) - even if it needs to be completed by a system of direct proportional representation, as suggested above -; during part of its past, in the 1960s and 1970s, the General Assembly adopted resolutions and made declarations that were distinctly progressive (and which remain applicable, in principle) and set up several useful institutions (the ILO, UNCTAD, the WHO...).

The situation of the World Bank and the IMF is quite different. Their constitutions are antidemocratic, indeed frankly despotic, and the US government's veto makes any significant change impossible in the foreseeable future. The World Bank has never hesitated to violate UN resolutions (particularly those of 1964 condemning South Africa and Apartheid, and Portugal for maintaining its colonial empire). As for the WTO, even if, in principle, its mode of representation is democratic (one State = one Vote), the fairy godmothers that presided over its cradle sent it shooting off into an orbit diametrically opposed to that of the interests of humankind. It has to be prevented from doing any (further) harm as soon as possible.

One other question that has not yet been taken far enough is that of an international legal system, an international judiciary, independent of the other international instances of power, which would complete the present system, mainly composed of the International Court at The Hague and the young International Criminal Court. With the neo-liberal offensive of the last twenty years, the laws of trade have progressively taken over public law. Undemocratic international institutions like the WTO and the World Bank function with their own legal structures: the Dispute Settlement Body, part of the WTO, and the ICSID (International Centre for Settlement of Investment Disputes) which has taken on a disproportionate importance since the multiplication of Bilateral Agreements on Investment (BAI). The UN Charter is (regularly) violated by permanent members of its Security Council, the USA and the UK in particular. New places where the rule of law does not apply have been created. Prisoners deprived of all rights are held in Guantanamo by the USA. After having impugned the International Court of the Hague where it was condemned in 1985 for having attacked Nicaragua, the USA now refuses to recognise the International Criminal Court.

All that is extremely worrying and requires urgent initiatives to be taken to complete the international legal system. This means elaborating or adopting international law on matters where there is an absence of, or inadequate, legal definition. One example would be the International Arbitration Tribunal for the debt, proposed by certain movements. The idea is attractive, but the question is, what law would apply there? International Trade Law? That is, the trade laws of the creditor States

(almost 80% of loan contracts stipulate that the competent legal authority is that of the USA or the UK)? If that were the case, the borrowers are pretty sure to lose. Should there not first (or at least, at the same time) be a redefinition of the law regulating relations between borrowers and lenders? The question contains its own answer.

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